

Message Text

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FOLLOWING REPEAT OECD PARIS 19706 ACTION SECSTATE INFO

ALL OECD CAPITALS USUN DTD 07 JUL

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LIMITED OFFICIAL USE OECD PARIS 19706

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SUBJECT: JULY 6 MEETING OF XCSS: EAST-WEST ECONOMIC
RELATIONS

1. SUMMARY: OECD'S EXECUTIVE COMMITTEE IN SPECIAL
SESSION (XCSS) WELCOMED US INITIATIVE TO UNDERTAKE FRESH
EXAMINATION OF EAST-WEST ECONOMIC RELATIONS AND COMMIS-
SIONED SECRETARY GENERAL TO DO FACTUAL PAPER TO ENABLE
GROUP, AT ITS NEXT MEETING, TO ADDRESS REAL SUBSTANCE
OF THE ISSUE. WHILE VIRTUALLY EVERY DEL SOUNDED NOTE
OF CAUTION, A NUMBER SUGGESTED ADDITIONAL TOPICS THAT
EXERCISE COULD COVER, SUCH AS INVESTMENT, SHIPPING, AND
FISHING. DELS HAVE BEEN INVITED TO PROVIDE SECRETARIAT
WITH ANY FACTUAL INFORMATION ON E-W ECONOMIC RELATIONS
WHICH THEY THINK WOULD BE USEFUL IN PUTTING TOGETHER
NOTE FOR NEXT MEETING. WE SHOULD ACCEPT THE INVI-
TATION IMMEDIATELY. END SUMMARY.

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2. US DEL (UNDER SECRETARY ROGERS) OPENED XCSS DISCUSSION BY AMPLIFYING ON SECRETARY KISSINGER'S EAST-WEST REMARKS AND NOTING NEED TO BETTER UNDERSTAND IMPLICATIONS OF GROWING ROLE OF USSR AND E. EUROPE IN WORLD ECONOMY. HE STRESSED THE DESIRABILITY OF ASSURING THAT THE GROWING ECONOMIC ROLE OF THE EAST WORKED TO THE ADVANTAGE, RATHER THAN THE DISADVANTAGE, OF THE WEST. HE MENTIONED RECIPROCITY AND DUMPING AS TRADE ISSUES OF PARTICULAR INTEREST, PLUS DEBT, ENERGY, AND FOOD, EMPHASIZING THAT US PROPOSAL WAS INTENDED TO BE CONSTRUCTIVE AND NOT CONFRONTATIONAL. US WAS NOT INSISTING THAT XCSS DECIDE AT THIS TIME THAT OECD "ACTION" WAS WARRANTED IN ANY PARTICULAR AREA, HE SAID, AND THERE SHOULD BE NO PREJUDICE TO ANY MEMBER GOVERNMENT'S POLICIES FOR THE OECD TO BECOME SEIZED OF THE QUESTION. US DEL URGED AS FIRST STEP THAT OECD SECRETARIAT DO PRELIMINARY PAPER ON BASIC DATA ON E-W ECONOMIC RELATIONS AND ROLE IN THE WORLD ECONOMY, TAKING AN INTEGRATED APPROACH TO THE QUESTION, WHICH COULD BE DISCUSSED AT NEXT XCSS. AT THIS TIME GROUP COULD CONSIDER WHAT SORT OF WORK PROGRAM WOULD BE APPROPRIATE TO LEAD UP TO THE 1977 MINISTERIAL MEETING.

3. ALMOST ALL OTHER DELS WELCOMED US INITIATIVE (EXCEPT FOR SWEDEN AND, TO SOME EXTENT FINLAND, AS NOTED BELOW) AND IN THE SAME BREATH URGED CAUTION. THEY GENERALLY ENDORSED US PROPOSAL FOR SECRETARIAT PAPER. EC COMMISSION REP (HIJZEN) SAW LITTLE LIKELIHOOD THAT OECD COULD DO ANYTHING ABOUT RECIPROCITY QUESTION, AND POSITIVE HARM IF IT GOT INVOLVED IN POLITICAL DIMENSION, BUT URGED THAT ISSUES OF INDUSTRIAL COOPERATION, DEBT, AND BALANCE OF PAYMENTS BE INCLUDED IN ORGANIZATION'S WORK. HE SAID SECRETARIAT PAPER SHOULD BE A GENERAL ONE AND THAT IN FUTURE OECD WOULD HAVE TO CONCENTRATE WORK ON AREAS WHERE IT COULD HOPE TO PLAY A USEFUL ROLE, RATHER THAN ENTIRE SPECTRUM OF E-W ECONOMIC RELATIONS. JAPAN (YOSHINO) SUPPORTED US PROPOSAL AND SUGGESTED INVESTMENT, PARTICULARLY BANKING, BY EAST BE ADDED TO SUBJECTS OF CONSIDERATION. NORWAY POINTED OUT VERY RAPID GROWTH OF USSR ROLE IN LIMITED OFFICIAL USE

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WORLD SHIPPING, CITING UNDERBIDDING BY SOVIET SHIPS FOR NORTH ATLANTIC CARGO AS SERIOUS PROBLEM. UK AND DENMARK SUPPORTED NORWAY'S SUGGESTION THAT THIS SUBJECT BE INCLUDED IN STUDY. SPAIN ADDED FISHING.

4. BARRE DE NANTEUIL (FOR FRANCE, WHICH HAS ERECTED TEMPORIZING INTO A HIGH DIPLOMATIC ART HERE) URGED GROUP BE CAUTIOUS ABOUT LAUNCHING INTO STUDY WHICH

WOULD BE TOO BROAD, AND PROPOSED THAT MANDATE FOR ANY IN-DEPTH WORK BY SECRETARIAT SHOULD BE SUBJECT TO CAREFUL SCRUTINY. AUSTRIA, SWITZERLAND, BELGIUM, NETHERLANDS, NEW ZEALAND, IRELAND, ITALY, AND AUSTRALIA GAVE US GENERAL SUPPORT. (CANADA DID NOT SPEAK BUT TOLD US PRIVATELY THEY SUPPORTED US INITIATIVE AND WERE PARTICULARLY INTERESTED IN QUESTION OF EXPORT CREDITS.) NUMBER OF DELS MENTIONED DESIRABILITY OF TAKING ACCOUNT OF ECE ACTIVITIES, AVOIDING DUPLICATION WITH THESE, AND ALSO OF KEEPING SUBJECT IN XCSS FOR SOME TIME YET BEFORE COMMISSIONING WORK BY OTHER BODIES OF OECD.

5. SWEDISH INTERVENTION TOWARD END OF DISCUSSION CATALOGED HER RESERVATIONS ABOUT US APPROACH. WHILE ADMITTING THERE MIGHT BE SOME PROBLEMS IN E-W ECONOMIC RELATIONS WHICH MERITED ATTENTION BY OECD, SWEDISH DEL (DENNIS) ARGUED STRONGLY THAT THESE SHOULD BE DEALT WITH BY EXISTING BODIES ON PRAGMATIC BASIS WHEN THEY AROSE. HE STRESSED DIFFERING POLITICAL AND SECURITY INTERESTS OF OECD MEMBERS, COMPLICATIONS WHICH MIGHT ARISE FOR WORK IN ECE, AND POSSIBILITY THAT OECD EFFORTS MIGHT BE MISUNDERSTOOD IN CONTEXT OF FOLLOW UP TO HELSINKI CONFERENCE. DENNIS SUGGESTED SECRETARY GENERAL, RATHER THAN DEVELOP FACTUAL INFORMATION, SHOULD DO A PAPER FOR THE NEXT XCSS ON A POSSIBLE MANDATE HE MIGHT RECEIVE FOR COLLECTING SUCH INFORMATION SOME TIME LATER. FINNS NODDED IN SWEDEN'S DIRECTION, BUT WERE WILLING TO GO ALONG WITH REST OF GROUP AND ACCEPT CHAIRMAN'S (JOLLES) SUMMATION WHICH HAS SECRETARIAT DOING PRELIMINARY FACTUAL STUDY NOW, AND XCSS CONSIDERING POSSIBLE MANDATE FOR MORE IN-DEPTH WORK AT NEXT MEETING. SWEDES DID NOT RELENT IMMEDIATELY, BUT URGED GROUP TO ACCEPT A MORE GLACIAL PACE. THE SIGNIFICANCE LIMITED OFFICIAL USE

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OF SWEDEN'S EFFORT CAME CLEAR WHEN IT TURNED UP NO REAL SUPPORT ANYWHERE ELSE. THE SWEDISH DELEGATION FINALLY WITHDREW THE OBJECTION WITH CUSTOMARY NORDIC GRACE. TURNER UNQTE KISSINGER

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